

a justifiable proposal. You might also hear arguments that taxing the tobacco industry is unfair and that they are already taxed too heavy.

PRESIDENT: One minute.

SENATOR CULLAN: I contend that any increase in tax on the tobacco industry will not result in a hardship on this industry and I would like to go into that later and will reserve an opportunity to talk on this again, to talk about the tax on the tobacco industry.

PRESIDENT: The Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, Senator Cullan certainly does have a noble idea but here again he is picking on the tobacco industry. We have heard this many times in the Revenue Committee and by putting a tax on the tobacco other than cigarettes is according to me very foolish. It is real hard to collect. The amount that it costs to collect this tax is just about greater than what we would receive. Let's take our neighboring states, let's take the State of Iowa, for instance. They say that they collect only 62% of the tobacco tax. This is the tax on tobacco other than cigarettes. In Kansas they say that they collect only 71%. I realize placing a tax on cigarettes is a lot easier than placing it onto the tobacco because we can use the stamping process, but with putting a tax on the tobacco, you cannot use the stamp. They also said that it was harder to collect in sparsely populated areas and, of course, Nebraska is a sparsely populated state. Another question that arose is how do we collect tax on the mail orders that come into Nebraska and about 20% of the tobacco comes in through the mails. So this would be a problem. Also the cost of equipment and labor intensity of stamping have escalated much faster than the increase in revenues. I think that we put an enormous amount of tax on the tobacco industry and so, therefore, although Senator Cullan does have a noble idea, I would urge you to reject the extra tax on tobacco at this time.

PRESIDENT: There is an amendment to the amendment on the desk.

CLERK: Mr. President, Senator Newell would move to amend the Cullan amendment: (Read Newell amendment found on page 1577, Legislative Journal.)

PRESIDENT: Senator Newell.